

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7413**

**BILL NUMBER:** SB 431

**NOTE PREPARED:** Jan 21, 2007

**BILL AMENDED:**

**SUBJECT:** Confined Feeding Operations.

**FIRST AUTHOR:** Sen. Gard

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** \_\_\_ GENERAL  
**X** DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** The bill increases fees with respect to a confined feeding operation (CFO). It requires notice to persons located within one mile of the proposed manure storage facility at a proposed CFO. The bill establishes good character requirements for a CFO.

***State Chemist:*** The bill also requires the State Chemist to adopt rules relating to the use of fertilizer material and the distribution and storage of bulk commercial fertilizers. The bill makes conforming amendments.

**Effective Date:** July 1, 2007; January 1, 2008.

**Summary of Net State Impact:** The bill would increase permit revenue by an estimated \$2.1 M annually. This revenue would be deposited in the Environmental Management Permit Operation Fund. Under existing law, CFO fee revenue generates about \$43,000 per year.

**Explanation of State Expenditures:** *Department of Environmental Management (IDEM)* : A person and a responsible party must submit to IDEM a disclosure statement and certain additional information. IDEM may investigate and verify the information provided. Based on findings, the commissioner may deny the application. The bill provides that the Solid Waste Management Board may adopt rules to administer the provisions of the bill. It is expected that IDEM will be able to cover any additional expenses associated with this provision given existing resources and increased fee revenue.

***State Chemist:*** The bill also requires the State Chemist to adopt rules relating to the use of fertilizer material and the distribution and storage of bulk commercial fertilizers. The State Chemist's Office should be able to

cover expenses associated with adopting rules given existing resources.

**Explanation of State Revenues:** *Summary:* The bill would increase permit revenue by an estimated \$2.1 M annually. This revenue would be deposited in the Environmental Management Permit Operation Fund. Under existing law, CFO fee revenue generates about \$43,000 per year. The individual provisions are described below.

*Permit Fee Details-*

*Fee Increase for Application for Approval of Construction:* The bill increases from \$100 to \$3,000 the fee for a CFO application for approval of construction. An estimated 120 applications will be received in FY2008. Given this figure, the fee increase would generate an additional \$348,000 (120 \* \$2,900).

*Permit Renewal Fee:* The bill increases the permit renewal fee from \$100 to \$250. For 2006, IDEM reported about 575 CAFOs and 1,600 CFOs that renew every 5 years. Assuming that 435 of these facilities renew every year, revenue from the increased renewal fee will generate an estimated \$65,250.

*New Annual Operating Fee:* A person with a valid CFO approval must pay an annual operating fee of \$400 for each valid confined feeding operation approval. There are an estimated 1,600 facilities to whom the fee would apply. This new fee would generate an estimated \$640,000 annually.

*New NPDES Fee for CAFO:* A person with a valid NPDES permit for a CAFO must pay an annual operating fee of \$1,850 for each valid NPDES permit for a CAFO. There are an estimated 575 facilities to whom the fee would apply. This new fee would generate an estimated \$1,063,750 annually.

*Reduction in Fee for CAFO NPDES:* The bill reduces the general and individual NPDES permit fee for an initial or renewal permit for a CAFO from \$250 to \$100. There are about 20 facilities that are assessed the fee. This provision could reduce revenue generated by \$3,000.

*Wastewater Treatment Facilities:* The bill increases the fee for a NPDES permit from \$50 to \$75. This provision will apply to about 340 facilities and will increase revenue by an estimated \$8,500.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** IDEM.

**Local Agencies Affected:**

**Information Sources:** Sandra Flum, IDEM, 317-233-9479.

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.